

## Is Bank of Montreal (TSX:BMO) Stock a Buy Near Its 52-Week Low?

### Description

**Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) dropped 0.59% on December 10. Shares have fallen 6.9% over the past week after a very solid fourth quarter and full-year earnings report to finish fiscal 2018.

The bank entered the fall riding high as its stock had posted one of the best years in comparison to its peers – a welcome departure from a disappointing 2017. Back in August I'd [discussed](#) whether BMO was the top bank stock to own heading into the final months of 2018. At the time BMO looked like a solid hold. Unfortunately, violent market turbulence has thrown many Canadian sectors into negative territory.

BMO stock reached a 52-week low of \$91.55 during yesterday's trading session before settling in at \$92.16 to close the day. Canadian financials have been broadly swept up in global market weakness, but this late turbulence could represent a fantastic opportunity for value investors. Today we'll take a quick glance at BMO's most recent results and determine whether the stock itself is a bargain.

The bank released its most recent results on December 4. In the fourth quarter BMO reported net income of \$1.69 billion, which was up 38% from Q4 2017. Earnings per share surged 42% to \$2.57 and climbed 19% on an adjusted basis to \$2.32. The bank boosted its quarterly dividend by \$0.04 to \$1.00, which represented an 8% year-over-year increase. BMO now boasts a 4.3% yield.

For the full year BMO posted adjusted net income of \$5.98 billion, up 9% from 2017. Adjusted earnings per share increased 10% to \$8.99. BMO benefitted from solid growth in its U.S. segment, which also saw a boost from the *U.S. Tax Cuts and Jobs Act*. In October of 2017 I'd [projected](#) that BMO would be one of several Canadian banks that would see a boost from tax reform due to its sizable footprint south of the border. BMO saw its U.S. Personal and Commercial Banking segment posted adjusted net income of \$383 million in the fourth quarter, up 36% from the prior year.

Like its peers, BMO will face challenges due to economic headwinds in 2019. Banks have benefitted from gradual rate hikes as margins have improved in 2018, but Bank of Canada may move to pause its path next year. The U.S. Federal Reserve has hinted at a similar policy path if economic trends worsen. This may be a relief to consumers, but broader uncertainty is likely to be painful for markets next year.

### Is BMO stock a buy today?

BMO stock boasted an RSI of 22 as of close on December 10, indicating that the stock is oversold. Shares last reported a steep oversold signal in late October. The stock briefly rebounded from this low but has since succumbed to further volatility.

Strong results and enticing technical signals make BMO stock look like a solid buy-low opportunity right now. Unfortunately, Canadian stocks will still be subject to volatility brought about by geopolitical pressures and economic uncertainty heading into 2019.

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